

FY 2005 Proposed Budget Local Funds Summary

FY 2005 Proposed Local Funds Budget

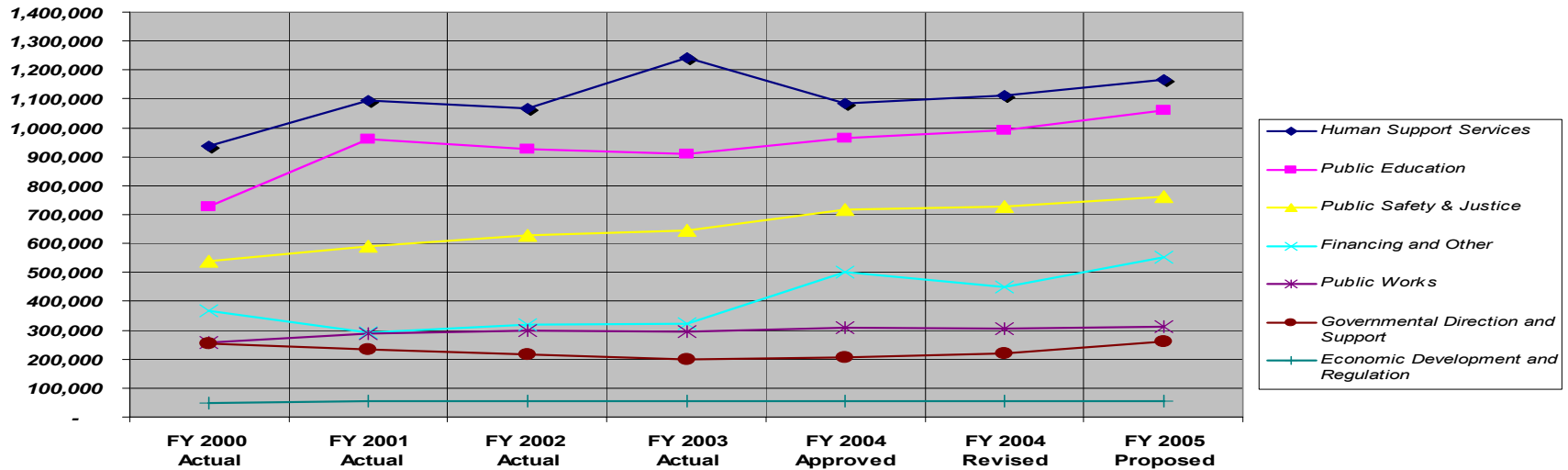
The FY 2005 Proposed Budget Is \$4.165 Billion; Expenditures Increased By \$332.8 Million or 8.7% Over The FY 2004 Approved Budget.

<i>Changes in Local Fund Revenues and Expenditures, 2003 to 2005</i>									
(\$000's)	FY 2003 Actuals	FY 2004 Approved	FY 2004 Revised	FY 2005 Proposed	Variance Over FY 2003	% Change Over FY 2003	Variance Over FY 2004 Approved	% Change Over FY 2004 Approved	% of FY 2005 Increase
Revenues									
1 Taxes	3,293,374	3,339,913	3,441,217	3,628,730	335,356	10.18%	288,817	8.39%	86.72%
2 Non-Tax Revenues	315,780	289,201	286,672	292,447	(23,333)	-7.39%	3,246	1.14%	0.97%
3 Lottery	72,050	70,200	70,200	71,100	(950)	-1.32%	900	1.28%	0.27%
4 Local Fund Revenues	3,681,204	3,699,314	3,798,089	3,992,277	311,073	8.45%	292,963	7.72%	87.96%
5 Fund Balance Use	1,802	96,498	129,423	49,365	47,563	2639.46%	(47,133)	-48.84%	-14.15%
6 Revenue Enhancements	0	38,760	30,000	119,620	119,620	N/A	80,860	-116.18%	24.28%
7 Transfers from Federal and Private Sources	0	0	0	6,361	6,361	N/A	6,361	N/A	1.91%
8 Revised Revenues	1,802	135,258	159,423	175,346	173,544	9630.64%	40,088	149.04%	12.04%
9 Total Revenues with Revisions	3,683,006	3,834,572	3,957,512	4,167,623	484,617	13.16%	333,051	8.71%	100.00%
10 Expenditures									
11 Governmental Direction and Support	199,089	206,824	220,924	261,068	61,979	31.13%	54,244	26.23%	16.30%
12 Economic Development and Regulation	56,520	53,336	55,036	55,764	(756)	-1.34%	2,428	4.55%	0.73%
13 Public Safety & Justice	646,732	716,715	728,115	760,846	114,114	17.64%	44,131	6.16%	13.26%
14 Public Education	909,354	962,941	990,941	1,058,709	149,355	16.42%	95,768	9.95%	28.78%
15 Human Support Services	1,242,888	1,085,277	1,113,277	1,165,314	(77,574)	-6.24%	80,037	7.37%	24.05%
16 Public Works	293,952	308,029	305,629	312,035	18,083	6.15%	4,006	1.30%	1.20%
17 Financing and Other	322,491	499,612	451,012	551,746	229,255	71.09%	52,134	10.43%	15.67%
18 Total Expenditures	3,671,026	3,832,734	3,864,934	4,165,486	494,460	13.47%	332,752	8.68%	100.00%
19 Operating Margin, Budget Basis	11,980	1,838	92,578	2,137					



FY 2000 Through FY 2005 Local Funds Expenditure Growth

Government of the District of Columbia
Expenditure growth Trends - FY 2000 - FY 2005
(\$000's)



Local Funds (\$000's)									Variance from FY 2004 Approved Budget	
	Appropriation Title	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Approved	FY 2004 Revised	FY 2005 Proposed	\$ Change	% Change
	Expenditures									
1	Human Support Services	937,013	1,094,601	1,067,242	1,242,888	1,085,277	1,113,277	1,165,314	80,037	7.4%
2	Public Education	728,125	962,412	926,254	909,354	962,941	990,941	1,058,709	95,768	9.9%
3	Public Safety & Justice	538,129	590,391	628,511	646,732	716,715	728,114	760,849	44,134	6.2%
4	Financing and Other	368,070	290,310	317,410	322,491	499,612	451,012	551,746	52,134	10.4%
5	Public Works	257,933	287,367	297,336	293,952	308,029	305,629	312,035	4,006	1.3%
6	Governmental Direction and Support	255,251	233,266	216,651	199,089	206,824	220,924	261,068	54,244	26.2%
7	Economic Development and Regulation	49,338	54,524	56,071	56,520	53,336	55,036	55,764	2,428	4.6%
8	Subtotal Local Fund Expenditures	3,133,859	3,512,869	3,509,475	3,671,026	3,832,734	3,864,934	4,165,486	332,752	8.7%



FY 2000 Through FY 2005 Local Funds Expenditure Growth

Local Funds Expenditures, FY 2000 - FY 2005

(Dollars in millions)

Function	Agencies	Fiscal Year						
		2000 Actual	2001 Actual	2002 Actual	2003 Actual	2004 Approved	2004 Revised	2005 Proposed
Human Support Service Agencies	Human Services, Health, PBC + PBC Transition, Mental Health, Child and Family Services	865	1,001	976	1,137	994	1,020	955
Elementary and Secondary Education	DC Public Schools, Public Charter Schools	651	874	838	840	876	902	957
Public Safety and Public Works Agencies	Police, Fire, Corrections, Public Works, DMV, Transportation	600	640	688	701	742	753	760
Mandatory Subsidies and Debt Service	WMATA Subsidy, Police/Fire/Teacher Pensions, Debt Service Agencies	551	487	503	519	578	576	653
Rest of Government	All Others	468	510	504	475	642	614	841
District Total		3,134	3,513	3,509	3,671	3,833	3,865	4,165

NOTES:

FY 2005 Human Support Services includes \$41.3 million held in contingency funds outside of the listed agencies to be made available on as needed basis

Medicaid Reserve (FY 2003) allocated as \$13.8 million in DCPS and \$60.3 million in Human Support Services

FY 2003 Medicaid write-off allocated to Human Support Services

FY 2001 was first year that DCPS and Charter Schools had authority to spend from following year's appropriation



FY 2000 Through FY 2005 Local Funds Expenditure Growth

Percent of District Spending (Local Funds)

	2000	2001	2002	2003	2004	2004	2005
	Actual	Actual	Actual	Actual	Approved	Revised	Proposed
Human Support Services	27.6%	28.5%	27.8%	31.0%	25.9%	25.0%	22.9%
Elementary and Secondary Education	20.8%	24.9%	23.9%	22.9%	22.9%	23.3%	23.0%
Public Safety and Public Works	19.1%	18.2%	19.6%	19.1%	19.4%	19.5%	18.2%
Mandatory Subsidies and Debt Service	17.6%	13.9%	14.3%	14.1%	15.1%	10.8%	15.7%
Rest of Government	14.9%	14.5%	14.4%	12.9%	16.8%	21.4%	20.2%
Total Government	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Human Support Services and Elementary/Secondary Education combined for 48.3 percent of spending in 2000 and were 48.0 percent combined in 2003.

Elementary/Secondary Education share has remained relatively level since FY 2001.

Public Safety and Public Works (basic/core functions of municipal government) have accounted for steady share of District expenditures over past six years.

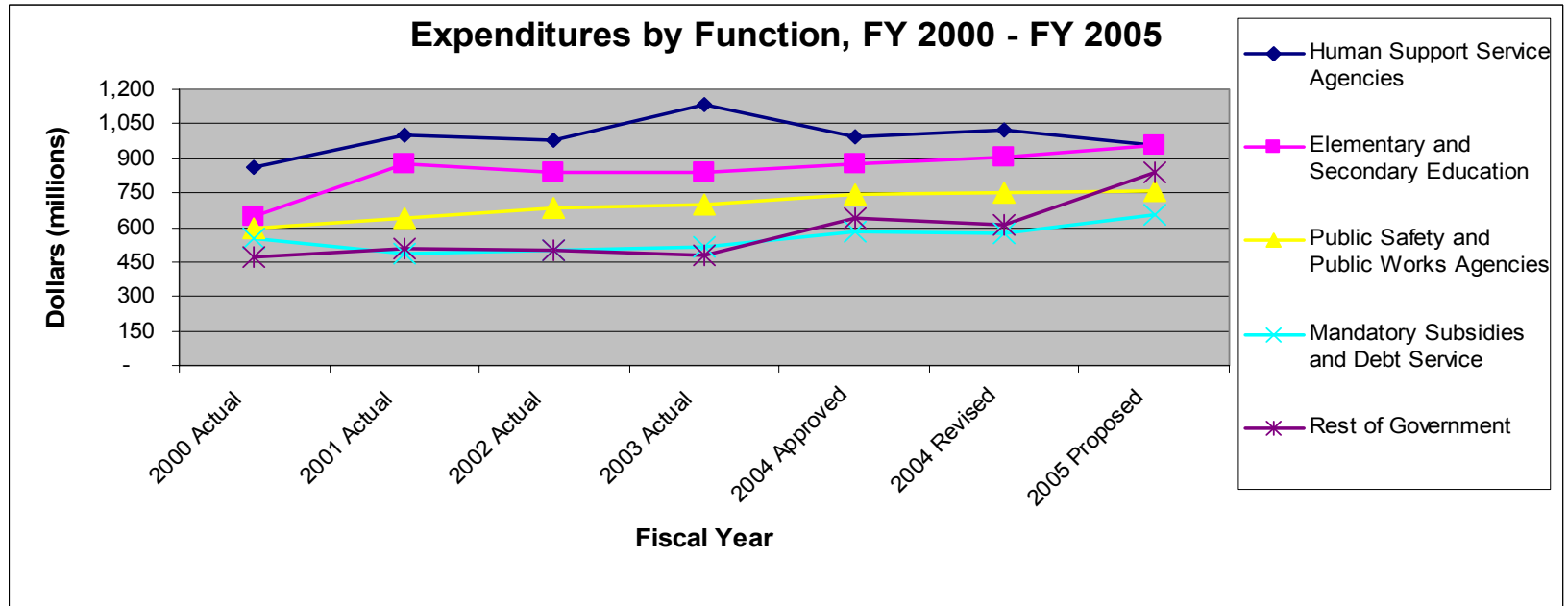
Decrease in Debt Service has freed up a great deal of funds, especially since 2000. Reasons: tobacco securitization (and subsequent debt buy-down), low interest rates in recent years.

WARNING, however: required pension contributions (part of "Mandatory Subsidies") are expected to see large increases in FYs 2005 and 2006.

Fewer than 20 agencies account for 82 to 84 percent of District spending. "Rest of Government" (perhaps 70 to 80 agencies, depending on year) account for 16 to 18 percent.



FY 2000 Through FY 2005 Local Funds Expenditure Growth



Annual Growth Rates, District Expenditures (Local Funds)
(Growth Over Previous Year)

	2000 Actual	2001 Actual	2002 Actual	2003 Actual	2004 Approved	2004 Revised	2005 Proposed
Human Support Services	15.5%	15.8%	-2.5%	16.5%	-12.6%	2.6%	-3.9%
Elementary and Secondary Education	15.8%	34.3%	-4.1%	0.2%	4.3%	3.0%	9.2%
Public Safety and Public Works	5.7%	6.8%	7.4%	1.8%	5.9%	1.5%	2.4%
Mandatory Subsidies and Debt Service	-8.3%	-11.6%	3.3%	3.1%	11.4%	-0.3%	13.0%
Rest of Government	17.0%	9.0%	-1.2%	-5.7%	35.1%	-4.4%	30.8%
Total Government	8.9%	12.1%	-0.1%	4.6%	4.4%	0.8%	8.7%

District expenditures (Local) grew 4.6 percent in FY 2003 over FY 2002. Excluding the \$99 million Medicaid write-off from the FY 2003 expenditures would reduce that growth rate to 1.8 percent.



Top 10 Operating Agency Local Budget Increases for FY 2005

(\$ Millions)

<u>Agency</u>	<u>FY 2004 Approved Budget</u>	<u>FY 2005 Proposed</u>	<u>Proposed increase Over FY 2004</u>	<u>Percentage Increase Over FY 2004</u>	<u>Percentage of FY 2005 Increase</u>
1 CHARTER SCHOOLS (GC)	138	197	59	43.1%	17.8%
2 DEPT. OF HEALTH (HC)	459	514	55	12.1%	16.6%
3 HUMAN SERVICE (JA)	226	257	32	14.0%	9.5%
4 TECHNOLOGY (TO)	16	40	25	155.2%	7.4%
5 MENTAL HEALTH (RM)	129	153	25	19.0%	7.4%
6 MASTER LEASE (EL)	0	23	23	#DIV/0!	6.9%
7 PUBLIC SCHOOLS (GA)	738	760	22	3.0%	6.6%
8 CFO (AT)	73	93	20	28.0%	6.1%
9 CORRECTIONS (FL)	100	120	20	19.8%	6.0%
10 CHILD & FAMILY SERVICES (RL)	126	142	16	12.9%	4.9%
11 Subtotal Top 10	2,004	2,300	297	14.8%	89.1%
12 Remaining 83 District Agencies	1,829	1,865	36	2.0%	10.8%
13 Subtotal Remaining Agencies	1,829	1,865	36	2.0%	10.8%
14 District Total	3,833	4,165	333	8.7%	100.0%



Major Cost Drivers for FY 2005 Local Funds Proposed Budget

(\$000's)

		FY 2004 Approved Budget 3,832,734	
		% of FY	
		05	
		Cost	
		Driver	
<u>Category/Agency</u>		<u>Amount</u>	
1	FY 2004 Approved Budget	3,832,734	92.01%
2			
3	Inflationary/Formula/Current Law Adjustments		
4	<u>Reserve Requirements</u>		
5	Tax Increment Financing	(1,940)	-0.58%
6	<u>Reserve Requirements Total</u>	(1,940)	-0.58%
7			
8	<u>Debt Service</u>		
9	Long Term Financing (assumes GO borrowing of \$400 million)	36,196	10.88%
10	Short Term Borrowing	1,000	0.30%
11	Certificate of Participation	6,341	1.91%
12	Master Equipment Lease	(2,096)	-0.63%
13	<u>Debt Service Total</u>	41,441	12.45%
14			
15	<u>FY 2005 Fixed Cost Inflation and Approved Pay Raises Increases</u>		
16	Approved Pay Raises	19,730	5.93%
17	Enterprise Licenses**	2,320	0.70%
18	OPM Management of DCGH Campus	3,518	1.06%
19	OPM Swing space	2,897	0.87%
20	General Fixed cost	9,638	2.90%
21	<u>FY 2005 Inflation Increases Total</u>	38,103	11.45%
22			
23	<u>Pension Obligations</u>		
24	Police & Fire Actuarial**	15,400	4.63%
25	Teachers Retirement**	9,200	2.76%
26	MPD Longevity	2,708	0.81%
27	<u>Pension Obligations Total</u>	27,308	8.21%
28			
29	<u>Multi-jurisdictional Agreements</u>		
30	WMATA**	1,503	0.45%
31	School Transit Subsidy**	1,020	0.31%
32	<u>Multi-jurisdictional Agreements Total</u>	2,523	0.76%
33			
34	<u>Public Education Formula Increases</u>		
	DCPS UPSFF increase associated with a inflation increase of 2.8%, foundation increase of \$352.87 and student enrollment decrease of 2,769 plus SEA inflation increase of 2.8%	22,063	6.63%
35	DCPCS UPSFF increase associated with a 2.8% inflation increase, foundation increase of \$352.87 and student enrollment increase of increase of 4,084, and facilities allowance	59,312	17.82%
36	No Child Left Behind Funding	(10,390)	-3.12%
37	<u>Public Education Formula Increases Total</u>	70,985	21.33%
38			
39	<u>Elimination of One-time Grant Disallowance</u>	(57,000)	-17.13%
40			
41			
42	<u>Local Legislative Requirements</u>		
	P&FR inclusion of active military and other creditable service in longevity proposed legislation	500	0.15%
43	DDOT To Conform with FY 04 BSA Legislation	9,183	2.76%
44	<u>Local Legislative Requirements</u>	9,683	2.91%
45			
46			
47	Total Inflationary/Formula Adjustments	131,103	39.40%



Major Cost Drivers for FY 2005 Local Funds Proposed Budget – Cont.

(\$000's)

		% of FY 05 Cost Driver
<u>Category/Agency</u>	<u>Amount</u>	
Adjustments for Entitlement/Court Ordered Functions		
<u>Medicaid Related Adjustments</u>		
DOH Medicaid Inflation Increase	15,854	4.76%
FY 2004 DOH Medicaid pressures	20,387	6.13%
FY 2004 DMH Medicaid/Medicare pressures	17,273	5.19%
CFSA medicaid ineligible court ordered services	12,744	3.83%
DMH adjustment transferred from Medicaid reserve	3,106	0.93%
YSA Finance strategy (rate adjustment)*	7,795	2.34%
Title IV E Funding strategy to get Medicaid Rates - transferred from Med. Reserve*	6,000	1.80%
Eliminated DCPS Special Ed Medicaid reserve allocation	(6,787)	-2.04%
Eliminated CFSA Medicaid reserve allocation	(18,744)	-5.63%
Eliminated DMHS Medicaid reserve allocation	(21,728)	-6.53%
Eliminated DHS Medicaid reserve allocation	(7,795)	-2.34%
Medicaid Related Adjustments Total	28,105	8.45%
<u>Court Order Adjustments</u>		
DHS YSA Jerry M Consent decree Requirements	8,585	2.58%
DHS MRDDA - to meet court order requirements (Evans)	12,000	3.61%
Court Order Adjustments Total	20,585	6.19%
Total Adjustments for Entitlement/Court Ordered Functions	48,690	14.63%
Technical Adjustments		
<u>FY 2005 Impact of FY 2004/FY 2005 Policy Decisions</u>		
MPD to fund 130 officers coming off of the COPs grant	6,454	1.94%
Workforce Investment impact of FY 04 and FY 05 labor negotiations	37,614	11.30%
Data center Consolidation	4,769	1.43%
Miscellaneous Adjustments	(14,022)	-4.21%
Reduce Onetime Funding that was reallocated to agency s	(7,500)	-2.25%
Cost of Revenue Issues	16,341	4.91%
Contingency Funding	43,175	12.98%
PAYGO Capital	6,621	1.99%
FY 2005 Impact of FY 2004/FY 2005 Policy Decisions Total	93,452	28.08%
<u>Operating Impact of Capital Projects</u>		
OCTO Operating impact of capital projects	19,790	5.95%
DPR facilities operating cost	3,668	1.10%
OCFO Operating impact of capital projects	6,262	1.88%
Operating Impact of Capital Projects Total	29,720	8.93%
<u>Contractual Increases</u>		
FY 2004 Health Care Safety Net pressures	13,100	3.94%
DOC Medical contract w/ GSE	3,553	1.07%
DOC housing additional imates at CTF	12,421	3.73%
DOH Animal Contract	714	0.21%
Contractual Increases/Fixed Cost Total	29,788	8.95%
Total Mandatory Technical Adjustments	152,960	45.97%
Total Major Cost Drivers for FY 2005 Budget		332,752
FY 2005 Proposed Budget		4,165,486

